

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date:

MAR 14 1994

Employer Identification Number: [REDACTED]

Form: 1120

Tax Years: All

Dear Applicant:

This is a final adverse ruling as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

This ruling is made for the following reason(s):

You are not operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Code. You are operated for substantial private purposes rather than public purposes, and you serve private interests more than incidentally.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file federal income tax returns on the above form. Based on the financial information you furnished, it appears that returns should be filed for the tax years shown above. You should file these returns with your key District Director for exempt organization matters within 30 days from the date of this letter, unless a request for an extension of time is granted. Returns for later tax years should be filed with the appropriate service center as indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the U. S. Court of Federal Claims, or the District Court of the United States for the District of Columbia before the 91st day after the date that this ruling was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. Processing of income tax returns and assessment of any taxes due will not be delayed because a declaratory judgment suit has been filed under section 7428.

[REDACTED]

In accordance with section 6104(c) of the Code, the appropriate State officials will be notified of this action.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown above.

Sincerely,

(Signed) [REDACTED]

[REDACTED]
Director, Exempt Organizations
Technical Division

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date:

MAR 3 1993

EIN: [REDACTED]
Key District: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were incorporated as a non-profit corporation on [REDACTED], for educational purposes. Your activities consist of providing support to [REDACTED], a for-profit school. Your educational support consists of furnishing equipment to the school for student use, providing supplies to teachers, distributing funds for teachers to participate in workshops and seminars for their training and development, and funding a scholarship program for students. You are supported by membership dues and various fundraising functions.

Your organization intends to conduct fundraising activities which will include an art auction, individual solicitations, and a dinner dance. The funds generated by such activities will be used to further your purpose of assisting [REDACTED].

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for educational purposes as long as, among other conditions, no part of the net earnings inure to the benefit of any private individuals or shareholders.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations states, in part, that if an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(4) of the regulations states, in part, that an organization is not organized exclusively for exempt purposes unless its activities are dedicated to an exempt purposes.

Section 1.501(c)(3)-1(c)(1) of the regulations states, in part, that an organization will be operated exclusively for

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations, in part, states that an organization is not organized or operated for exempt purposes unless it serves a public rather than a private interest. To meet this requirement it is necessary that the organization establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, or shareholders of the organization.

In Better Business Bureau of Washington, DC v. United States, 326 U.S. 279 (1945) it was held that the presence of a single non exempt purpose if substantial in nature, will preclude exemption under section 501(c)(3) of the Code, regardless of the number or importance of statutorily exempt purposes.

Although your activities will serve to benefit the students attending [REDACTED], these activities will also serve the private interests of the owners of [REDACTED]. The more money you make, the more funds are available to provide scholarships and equipment to [REDACTED], thus improving the financial condition of [REDACTED] and ultimately that of the shareholders of [REDACTED].

Donors may not deduct contributions to you under section 170 of the Code. You are required to file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have the right to a conference in this office after your statement is submitted. You

[REDACTED]

must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

Signed for: [REDACTED]

[REDACTED]
Chief, Exempt Organizations
Rulings Branch 2